

Basic Financial Statements

Statement of Net Assets

June 30, 2005 (in thousands of dollars)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 280,955	\$ 110,847	\$ 391,802
Cash with Fiscal Agent	67,760	37,485	105,245
Receivable (net of uncollectible amounts of \$11,278)			
Property Taxes and Penalties	7,423	-	7,423
Other Local Taxes	19,567	-	19,567
Intergovernmental	23,440	798	24,238
Charges for Services	-	13,996	13,996
Interest and Other	13,919	1,580	15,499
Supplies Inventory	422	-	422
Restricted Cash, Cash Equivalents, and Investments:			
Customer Advances and Deposits	-	1,366	1,366
Total Current Assets	413,486	166,072	579,558
Noncurrent Assets			
Equity in Joint Venture	-	87,186	87,186
Deferred Charges	2,315	408	2,723
Restricted Cash, Cash Equivalents, and Investments:			
Deferred Revenue	-	5,390	5,390
Water and Sewer System Replacement	-	17,592	17,592
Acquisition and Construction Reserve Development Fees	-	5,880	5,880
Capital Assets			
Land, Water Rights, and Construction in Progress	641,039	239,755	880,794
Facilities, Infrastructure, and Equipment (net of depreciation)	1,596,786	672,887	2,269,673
Total Capital Assets (net of accumulated depreciation)	2,237,825	912,642	3,150,467
Total Noncurrent Assets	2,240,140	1,029,098	3,269,238
Total Assets	2,653,626	1,195,170	3,848,796
LIABILITIES			
Current Liabilities			
Accounts Payable	21,984	21,138	43,122
Accrued Payroll and Benefits	8,788	923	9,711
Accrued Compensated Absences	2,126	276	2,402
Claims Payable	15,565	-	15,565
Due to Other Governments	57	-	57
Customer Advances and Deposits	-	1,366	1,366
Matured Bonds, Loans, Other Payables	29,880	11,140	41,020
Matured Bonds, Loans, Other Interest Payable	12,931	3,895	16,826
Unearned Revenue	1,483	-	1,483
Guaranty and Other Deposits	3,212	-	3,212
Other Liabilities	864	-	864
Total Current Liabilities	96,890	38,738	135,628
Noncurrent Liabilities			
Accrued Compensated Absences-Due within One Year	5,795	679	6,474
Accrued Compensated Absences-Due in More Than One Year	8,105	1,292	9,397
Deferred Revenue	-	5,390	5,390
Bonds, Loans, and Other Payables-Due within One Year	27,630	15,670	43,300
Bonds, Loans, and Other Payables-Due in More Than One Year	566,862	140,539	707,401
Total Noncurrent Liabilities	608,392	163,570	771,962
Total Liabilities	705,282	202,308	907,590
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,657,747	756,433	2,414,180
Restricted			
Debt Service	10,613	-	10,613
Transportation and Preserve Privilege Tax Activities	45,158	-	45,158
Capital Projects	15,552	-	15,552
Grants	561	-	561
Streetlight and Service District	911	-	911
Water and Sewer System Replacement	-	17,592	17,592
Acquisition and Construction	-	5,880	5,880
Unrestricted	217,802	212,957	430,759
Total Net Assets	\$ 1,948,344	\$ 992,862	\$ 2,941,206

The notes to the financial statements are an integral part of this statement.

Statement of Activities

For the Year Ended June 30, 2005 (in thousands of dollars)

Function/Programs	Program Revenues				Governmental Activities	Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities							
General Government	\$ 30,943	\$ 12,106	\$ 1,890	\$ 20,411	\$ 3,464	\$ -	\$ 3,464
Police	63,076	11,514	1,660	172	(49,730)	-	(49,730)
Financial Services	8,315	-	-	-	(8,315)	-	(8,315)
Transportation	85,835	-	14,738	51,426	(19,671)	-	(19,671)
Community Services	57,519	3,914	8,557	1,083	(43,965)	-	(43,965)
Information Systems	7,941	-	-	-	(7,941)	-	(7,941)
Fire	28,620	-	8	-	(28,612)	-	(28,612)
Municipal Services	16,520	-	-	-	(16,520)	-	(16,520)
Citizen and Neighborhood Resources	3,496	-	-	-	(3,496)	-	(3,496)
Human Resources	3,333	-	12	-	(3,321)	-	(3,321)
Economic Vitality	18,026	-	-	-	(8,026)	-	(8,026)
Planning and Development	12,522	18,188	-	-	5,666	-	5,666
Streetlight and Services Districts	1,094	998	-	-	(96)	-	(96)
Interest on Long-term Debt	32,466	-	-	-	(32,466)	-	(32,466)
Total Governmental Activities	359,706	46,720	26,865	73,092	(213,029)	-	(213,029)
Business-Type Activities							
Water Utility	59,723	72,612	-	20,252	-	33,141	33,141
Sewer Utility	28,324	27,503	-	15,656	-	14,835	14,835
Airport	3,346	3,162	-	2,405	-	2,221	2,221
Solid Waste	15,508	16,984	-	-	-	1,476	1,476
Total Business-Type Activities	106,901	120,261	-	38,313	-	51,673	51,673
Total Government	\$ 466,607	\$ 166,981	\$ 26,865	\$ 111,405	(213,029)	51,673	(161,356)
General Revenues							
Taxes							
Property Taxes					48,416	-	48,416
Sales and Use Taxes					160,253	-	160,253
Franchise Taxes					8,656	-	8,656
Intergovernmental							
State Shared Sales					18,779	-	18,779
State Revenue Sharing					18,634	-	18,634
Other					10,933	-	10,933
Interest and Investment Income					6,765	4,288	11,053
Other Revenue					4,941	821	5,762
Loss on Sale of Capital Assets					(841)	(977)	(1,818)
Transfers					9,567	(9,567)	-
Total General Revenues and Transfers					286,103	(5,435)	280,668
Change in Net Assets					73,074	46,238	119,312
Net Assets - Beginning					1,875,270	946,624	2,821,894
Net Assets - Ending					\$ 1,948,344	\$ 992,862	\$ 2,941,206

The notes to the financial statements are an integral part of this statement.

Balance Sheet

Governmental Funds
June 30, 2005 (in thousands of dollars)

	General Fund	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Preserve Privilege Tax Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 71,717	\$ 5,109	\$ 106,218	\$ -	65,492	\$ 248,536
Cash with Fiscal Agent	398	27,153	20,089	-	20,120	67,760
Receivables (net of allowance for uncollectibles)						
Interest	360	-	362	-	385	1,107
Privilege Tax	8,678	-	-	-	4,227	12,905
Hotel/Motel Tax	399	-	-	-	-	399
Property Tax	431	631	-	-	162	1,224
State Shared Sales Tax	1,656	-	-	-	-	1,656
Franchise Fee	2,118	-	-	-	-	2,118
Court Receivable	6,199	-	-	-	-	6,199
Highway User Tax	-	-	-	-	1,495	1,495
Auto Lieu Tax	994	-	-	-	-	994
Intergovernmental	-	-	-	-	3,391	3,391
Grants	-	-	-	-	384	384
Special Assessments	-	-	-	-	6,265	6,265
Miscellaneous	4,988	-	8	-	614	5,610
Due from Other Funds	189	-	-	-	-	18,251
Supplies Inventory	153	-	-	-	18,062	18,251
Total Assets	\$ 98,280	\$ 32,893	\$ 126,677	\$ -	\$ 120,597	\$ 378,447

(continued)

Balance Sheet**Governmental Funds**

June 30, 2005 (in thousands of dollars)

	General Fund	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Preserve Privilege Tax Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 3,164	\$ -	\$ 12,953	\$ 306	\$ 4,732	\$ 21,155
Accrued Payroll and Benefits	10,107	-	63	-	505	10,675
Due to Other Funds	-	-	-	18,062	189	18,251
Matured Bond Interest Payable	-	8,294	-	-	4,637	12,931
Matured Bonds Payable	-	18,825	-	-	11,055	29,880
Deferred Revenue						
Property Tax	128	172	-	-	86	386
Special Assessments	-	-	-	-	6,265	6,265
Court	6,199	-	-	-	-	6,199
Tax Audit	2,333	-	-	-	-	2,333
Intergovernmental	80	-	-	-	1,125	1,205
Other	278	-	-	-	278	578
Due to Other Governments	28	-	29	-	-	57
Guaranty and Other Deposits	1,489	-	11	-	1,712	3,212
Other	830	-	-	-	34	864
Total Liabilities	24,636	27,291	13,056	18,368	30,340	113,691
Fund Balances						
Reserved for						
Streetlight and Services Districts	872	-	-	-	-	872
Debt Service	-	5,602	-	-	5,011	10,613
Unreserved, Reported in						
General Fund - Designated	29,859	-	-	-	-	29,859
General Fund - Undesignated	42,913	-	-	-	-	42,913
Capital Projects Funds	-	-	113,621	(18,368)	53,373	148,626
Special Revenue Funds	-	-	-	-	31,873	31,873
Total Fund Balances	73,644	5,602	113,621	(18,368)	90,257	264,756
Total Liabilities and Fund Balances	\$ 98,280	\$ 32,893	\$ 126,677	\$ -	\$ 120,597	\$ 378,447

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2005 (in thousands of dollars)

Fund Balances -Total Governmental Funds	\$ 264,756
Amounts reported for governmental activities in the statement of net assets are different because (see Section II A):	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,213,182
Bond issuance costs are not financial resources and, therefore, are not reported in the funds.	2,315
Long-term receivables are not due and receivable in the current period and, therefore, are not reported in the funds.	19,665
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(607,996)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	15,183
Internal Service Funds are used by management to charge the costs of certain activities, such as, insurance and vehicles to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net assets.	41,239
Net Assets of Governmental Activities	<u>\$ 1,948,344</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2005 (in thousands of dollars)

	General Fund	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Preserve Privilege Tax Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes - Local						
Property	\$ 17,451	\$ 26,602	\$ -	\$ -	4,196	\$ 48,249
Transaction Privilege	102,793	-	-	-	49,416	152,209
Transient Occupancy	7,939	-	-	-	-	7,939
Light and Power Franchise	5,596	-	-	-	-	5,596
Cable TV Franchise	2,859	-	-	-	-	2,859
Salt River Project In-Lieu	201	-	-	-	-	201
Other Taxes	1,136	-	-	-	-	1,136
Taxes - Intergovernmental						
State-Shared Sales	18,779	-	-	-	-	18,779
State Revenue Sharing	18,634	-	-	-	-	18,634
Auto Lieu Tax	8,678	-	-	-	-	8,678
Highway User Tax	-	-	-	-	14,738	14,738
Local Transportation Assistance Fund	-	-	-	-	1,119	1,119
Business and Liquor Licenses	1,633	-	-	-	-	1,633
Charges for Current Services						
Building and Related Permits	18,164	-	-	-	24	18,188
Recreation Fees	2,450	-	-	-	824	3,274
Westworld Equestrian Facility Fees	1,838	-	-	-	-	1,838
Fines, Fees and Forfeitures						
Court Fines	5,321	-	-	-	37	5,358
Parking	187	-	-	-	-	187
Photo Radar	2,557	-	-	-	-	2,557
Court Enhancement	-	-	-	-	907	907
Library	640	-	-	-	-	640
Special Assessments	13	-	-	-	2,016	2,029
Property Rental	3,243	-	-	-	374	3,617
Interest Earnings (Loss)	1,987	-	1,924	(318)	2,460	6,053
Intergovernmental						
Federal Grants	-	-	-	-	8,600	8,600
State Grants	-	-	190	-	758	948
Miscellaneous	645	-	-	-	1,578	2,223
Developer Contributions	77	-	1,351	-	3,280	4,708
Streetlight and Services Districts	998	-	-	-	-	998
Contributions and Donations	26	-	244	-	647	917
Reimbursements from Outside Sources	244	-	28	-	189	461
Indirect Costs	8,635	-	-	-	-	8,635
Other	4,818	-	4,215	-	46	9,079
Total Revenues	237,542	26,602	7,952	(318)	91,209	362,987

(continued)

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2005 (in thousands of dollars)

	General Fund	General Obligation Debt Service	General Construction Capital Projects	Preserve Privilege Tax Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES						
Current						
General Government	20,753	-	-	-	1,040	21,793
Police	59,137	-	-	-	737	59,874
Financial Services	7,631	-	-	-	-	7,631
Transportation	-	-	-	-	8,760	8,760
Community Services	41,176	-	-	-	8,765	49,941
Information Systems	7,674	-	-	-	-	7,674
Fire	21,320	-	-	-	-	21,320
Municipal Services	513	-	-	-	11,300	11,813
Citizen and Neighborhood Resources	2,820	-	-	-	11	2,831
Human Resources	3,253	-	-	-	8	3,261
Economic Vitality	6,506	-	-	-	-	6,506
Planning and Development	12,099	-	-	-	12	12,111
Streetlight and Services Districts	1,094	-	-	-	-	1,094
Debt Service						
Principal	215	18,825	-	-	14,133	33,173
Interest and Fiscal Charges	4,132	18,216	-	-	9,600	31,948
Bond Issuance Costs	-	376	502	-	-	878
Capital Improvements	91	-	115,103	60,785	37,606	213,585
Total Expenditures	188,414	37,417	115,605	60,785	91,972	494,193
Excess (Deficiency) of Revenues Over Expenditures	49,128	(10,815)	(107,653)	(61,103)	(763)	(131,206)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,254	12,825	70,321	4,786	45,597	141,783
Transfers out	(53,248)	-	(60)	-	(79,976)	(133,284)
Refunding Bonds Issued	-	74,630	-	-	-	74,630
Long-term Capital-Related Debt Issued	7,650	-	60,705	-	-	68,355
Premium on Bonds Issued	-	3,078	1,458	-	-	4,536
Payment to Bond Refunding Escrow Agent	-	(77,584)	-	-	-	(77,584)
Total Other Financing Sources and (Uses)	(37,344)	12,949	132,424	4,786	(34,379)	78,436
Net Change in Fund Balances	11,784	2,134	24,771	(56,317)	(35,142)	(52,770)
Fund Balances - Beginning	61,860	3,468	88,850	37,949	125,399	317,526
Fund Balances - Ending	\$ 73,644	\$ 5,602	\$ 113,621	\$ (18,368)	\$ 90,257	\$ 264,756

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2005 (in thousands of dollars)

Net Change in Fund Balances - Total Governmental Funds	\$ (52,770)
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Amounts reported for governmental activities in the statement of activities
are different because (see Section II B):

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	100,334
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	47,538
Some expenses reported in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.	(788)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	16,371
Bond issuance costs are expended in the governmental funds when paid, and are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceed amortization expense in the current period.	690
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net assets. This is the amount by which bond proceeds exceeded principal retirement in the current period.	(36,764)
Additional accrued interest calculated on bonds and notes payable.	(330)
Long-term contracts initiated during the current year are not reported in governmental funds and thus do not contribute to the change in fund balance. In the government-wide statements, however, entering into a contract payable increases long-term liabilities in the statement of net assets.	(1,500)
The net revenues of certain activities of internal service funds is reported with governmental activities.	293
Changes in Net Assets of Governmental Activities	<u>\$ 73,074</u>

The notes to the financial statements are an integral part of this statement.

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2005 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts	Variance Between
	Original	Final	Budgetary Basis	Differences	GAAP Basis	Final Budget and Actual Amounts Budgetary Basis
REVENUES						
Taxes - Local						
Property	\$ 17,630	\$ 17,630	\$ 17,451	\$ -	\$ 17,451	\$ (179)
Transaction Privilege	92,597	92,597	102,793	-	102,793	10,196
Transient Occupancy	6,732	6,732	7,939	-	7,939	1,207
Light and Power Franchise	5,216	5,216	5,596	-	5,596	380
Cable TV Franchise	2,600	2,600	2,859	-	2,859	259
Salt River Project In-Lieu	203	203	201	-	201	(2)
Other Taxes	1,113	1,113	1,136	-	1,136	23
Taxes - Intergovernmental						
State-Shared Sales	16,539	16,539	18,779	-	18,779	2,240
State Revenue Sharing	18,017	18,017	18,634	-	18,634	617
Auto Lieu Tax	7,844	7,844	8,678	-	8,678	834
Business and Liquor Licenses	1,827	1,827	1,633	-	1,633	(194)
Charges for Current Services						
Building and Related Permits	14,250	14,250	18,164	-	18,164	3,914
Recreation Fees	2,238	2,238	2,450	-	2,450	212
Westworld Equestrian Facility Fees	1,587	1,587	1,838	-	1,838	251
Fines, Fees and Forfeitures						
Court Fines	3,917	3,917	5,321	-	5,321	1,404
Parking	209	209	187	-	187	(22)
Photo Radar	1,118	1,118	2,557	-	2,557	1,439
Library	405	585	640	-	640	55
Special Assessments	-	-	-	13	13	-
Property Rental	3,020	3,020	3,243	-	3,243	223
Interest Earnings	1,650	1,650	2,275	(288)	1,987	625
Intergovernmental						
Miscellaneous	1,321	1,321	645	-	645	(676)
Developer Contributions	-	-	-	77	77	-
Streetlight and Services Districts	1,170	1,170	998	-	998	(172)
Contributions and Donations	-	-	-	26	26	-
Reimbursements from Outside Sources	180	-	244	-	244	244
Indirect Costs	8,635	8,635	8,635	-	8,635	-
Other	1,020	1,020	4,818	-	4,818	3,798
Total Revenues	211,038	211,038	237,714	(172)	237,542	26,676
EXPENDITURES						
Current						
General Government	20,714	20,897	20,499	254	20,753	398
Police	61,057	60,257	58,807	330	59,137	1,450
Financial Services	7,679	7,679	7,460	171	7,631	219
Community Services	41,875	41,825	40,952	224	41,176	873
Information Systems	8,064	8,033	7,659	15	7,674	374
Fire	21,054	21,311	21,311	9	21,320	-
Municipal Services	538	538	508	5	513	30
Citizen and Neighborhood Resources	3,019	2,966	2,820	-	2,820	146
Human Resources	3,432	3,371	3,243	10	3,253	128
Economic Vitality	6,280	7,025	6,503	3	6,506	522
Planning and Development	12,757	12,757	12,003	96	12,099	754
Streetlight and Services District	1,220	1,220	1,094	-	1,094	126
Debt Service						
Principal	2,017	2,017	215	-	215	1,802
Interest and Fiscal Charges	2,526	2,526	4,132	-	4,132	(1,606)
Capital Improvements	-	-	-	91	91	-
Total Expenditures	192,232	192,422	187,206	1,208	188,414	5,216
Excess (Deficiency) of Revenues Over Expenditures	18,806	18,616	50,508	(1,380)	49,128	31,892
OTHER FINANCING SOURCES (USES)						
Transfers In	7,514	7,514	8,254	-	8,254	740
Transfers Out	(26,320)	(26,130)	(53,248)	-	(53,248)	(27,118)
Long-Term Capital-Related Debt Issued	-	-	7,650	-	7,650	7,650
Total Other Financing Sources and (Uses)	(18,806)	(18,616)	(37,344)	-	(37,344)	(18,728)
Net Change in Fund Balance	-	-	13,164	(1,380)	11,784	13,164
Fund Balance - Beginning	-	-	61,860	-	61,860	61,860
Fund Balance - Ending	\$ -	\$ -	\$ 75,024	\$ (1,380)	\$ 73,644	\$ 75,024

The notes to the financial statements are an integral part of this statement.

General Fund

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005 (in thousands of dollars)

Explanation of Differences:

Items recorded as revenues for GAAP purposes that are not recorded
for budget purposes:

Unrealized Loss on Investments	\$ (288)
Miscellaneous Items	<u>116</u>

Total Revenue Reconciling Items:	<u>(172)</u>
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The City budgets for certain expenditures on the cash basis, rather than
on the modified accrual basis:

Claims and Compensated Absences	1,117
Capital Improvement	<u>91</u>
Total Expenditure Reconciling Items:	<u>1,208</u>

Net Decrease in Fund Balance - Budget to GAAP	<u><u>\$ (1,380)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets

Proprietary Funds

June 30, 2005 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current Assets					
Cash and Investments	\$ 103,530	\$ 1,750	\$ 5,567	\$ 110,847	\$ 32,419
Cash with Fiscal Agent	37,317	-	168	37,485	-
Receivable (net of allowance for uncollectibles)					
Charges for Services	11,610	-	2,386	13,996	-
Intergovernmental	44	754	-	798	-
Interest	644	4	25	673	133
Miscellaneous	630	230	47	907	804
Supplies Inventory	-	-	-	-	269
Restricted Cash, Cash Equivalents, and Investments:					
Customer Advances and Deposits	1,305	61	-	1,366	-
Total Current Assets	155,080	2,799	8,193	166,072	33,625
Noncurrent Assets					
Equity in Joint Venture	87,186	-	-	87,186	-
Deferred Charges	408	-	-	408	-
Restricted Cash, Cash Equivalents, and Investments:					
Deferred Revenue	5,390	-	-	5,390	-
Water and Sewer System Replacement	17,592	-	-	17,592	-
Acquisition and Construction Reserve	5,880	-	-	5,880	-
Capital Assets					
Land	13,390	9,564	1,111	24,065	-
Water Rights	64,688	-	-	64,688	-
Water System	551,796	-	-	551,796	-
Sewer System	327,792	-	-	327,792	-
Buildings and Improvements	-	12,577	2,997	15,574	1,846
Motor Vehicles	-	-	-	-	53,608
Machinery and Equipment	3,930	838	1,905	6,673	408
Furniture and Fixtures	621	-	-	621	22
Construction in Progress	149,347	1,655	-	151,002	1,041
Less Accumulated Depreciation	(223,447)	(4,257)	(1,865)	(229,569)	(32,282)
Total Capital Assets (net of accumulated depreciation)	888,117	20,377	4,148	912,642	24,643
Total Noncurrent Assets	1,004,573	20,377	4,148	1,029,098	24,643
Total Assets	\$ 1,159,653	\$ 23,176	\$ 12,341	\$ 1,195,170	\$ 58,268

The notes to the financial statements are an integral part of this statement.

(continued on next page)

Statement of Net Assets

Proprietary Funds

June 30, 2005 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 20,192	\$ 555	\$ 391	\$ 21,138	\$ 829
Accrued Payroll and Benefits	645	44	234	923	179
Accrued Compensated Absences	190	13	73	276	60
Claims Payable	-	-	-	-	15,565
Customer Advances and Deposits	1,305	61	-	1,366	-
Matured Bonds Payable	10,885	-	255	11,140	-
Matured Bond Interest Payable	3,853	-	42	3,895	-
Total Current Liabilities	37,070	673	995	38,738	16,633
Noncurrent Liabilities					
Accrued Compensated Absences	1,324	72	575	1,971	396
Deferred Revenue	5,390	-	-	5,390	-
Bonds Payable - Due within One Year	14,185	-	1,485	15,670	-
Bonds Payable - Due in More Than One Year	140,539	-	-	140,539	-
Total Noncurrent Liabilities	161,438	72	2,060	163,570	396
Total Liabilities	198,508	745	3,055	202,308	17,029
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	733,393	20,377	2,663	756,433	24,643
Restricted for Water and Sewer					
System Replacement	17,592	-	-	17,592	-
Restricted for Acquisition and Construction	5,880	-	-	5,880	-
Unrestricted	204,280	2,054	6,623	212,957	16,596
Total Net Assets	\$ 961,145	\$ 22,431	\$ 9,286	\$ 992,862	\$ 41,239

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2005 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Operating Revenues					
Charges for Sales and Services					
Water Service Fees	\$ 67,393	\$ -	\$ -	\$ 67,393	\$ -
Sewer Service Fees	26,959	-	-	26,959	-
Proprietary - Non-Potable Water Fees	4,878	-	-	4,878	-
Groundwater Treatment Plant	885	-	-	885	-
Solid Waste Fees	-	-	16,984	16,984	-
Airport Fees	-	3,162	-	3,162	-
Other Services	-	-	-	-	29,909
Other	820	-	1	821	839
Total Operating Revenues	100,935	3,162	16,985	121,082	30,748
Operating Expenses					
Costs for Sales and Services					
Water Operations	35,184	-	-	35,184	-
Sewer Operations	14,931	-	-	14,931	-
Solid Waste Operations	-	-	13,330	13,330	-
Airport Operations	-	2,160	-	2,160	-
Other Services	-	-	-	-	29,378
Indirect Costs	6,298	467	1,870	8,635	-
Depreciation	25,223	719	201	26,143	5,322
Total Operating Expenses	81,636	3,346	15,401	100,383	34,700
Operating Income (Loss)	19,299	(184)	1,584	20,699	(3,952)
Non-Operating Revenues (Expenses)					
Property Tax	-	-	-	-	404
Investment Income	4,143	21	124	4,288	712
Interest Expense	(6,411)	-	(107)	(6,518)	-
Gain (Loss) on Sale of Capital Assets	(501)	(472)	(4)	(977)	41
Net Non-Operating Revenues (Expenses)	(2,769)	(451)	13	(3,207)	1,157
Income (Loss) Before Contributions and Transfers	16,530	(635)	1,597	17,492	(2,795)
Capital Contributions	35,908	2,405	-	38,313	2,020
Transfers In	-	114	-	114	3,418
Transfers Out	(8,639)	(292)	(750)	(9,681)	(2,350)
Change in Net Assets	43,799	1,592	847	46,238	293
Total Net Assets - Beginning	917,346	20,839	8,439	946,624	40,946
Total Net Assets - Ending	\$ 961,145	\$ 22,431	\$ 9,286	\$ 992,862	\$ 41,239

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2005 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 99,124	\$ 3,165	\$ 16,936	\$ 119,225	\$ 29,705
Cash Paid to Suppliers	(35,471)	(1,322)	(10,433)	(47,226)	(29,612)
Cash Paid to Employees	(11,830)	(808)	(4,468)	(17,106)	711
Other Operating	523	(60)	(1)	462	815
Net Cash Provided by Operating Activities	52,346	975	2,034	55,355	1,619
Cash Flows from Non-Capital Financing Activities					
Property Tax	-	-	-	-	422
Transfers In	-	114	-	114	3,418
Transfers Out	(8,639)	(292)	(750)	(9,681)	(2,350)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(8,639)	(178)	(750)	(9,567)	1,490
Cash Flows from Capital and Related Financing Activities					
Capital Contributions from Other					
Water and Sewer Development Fees	20,155	-	-	20,155	-
Capital Grants	964	2,050	-	3,014	-
Acquisition and Construction of Property and Equipment	(116,124)	(1,965)	-	(118,089)	(2,611)
Principal Payments on Capital Debt	(8,805)	-	(245)	(9,050)	-
Interest Paid on Capital Debt	(6,365)	-	(113)	(6,478)	-
Sale of Capital Assets	123	-	-	123	79
Net Cash Provided by (Used for) Capital and Related Financing Activities	(110,052)	85	(358)	(110,325)	(2,532)
Cash Flows from Investing Activities					
Proceeds from the Sale of Investments	-	-	16	16	-
Income Received on Investments	4,158	19	118	4,295	696
Net Cash Provided by (Used for) Investing Activities	4,158	19	134	4,311	696
Net Increase in Cash and Cash Equivalents	(62,187)	901	1,060	(60,226)	1,273
Cash and Cash Equivalents at Beginning of Year	233,201	910	4,549	238,660	31,146
Cash and Cash Equivalents at End of Year	\$ 171,014	\$ 1,811	\$ 5,609	\$ 178,434	\$ 32,419

The notes to the financial statements are an integral part of this statement.

(continued on next page)

Statement of Cash Flows

Proprietary Funds

(Continued)

For the Year Ended June 30, 2005 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Cash and Cash Equivalents at End of Year Includes					
Cash and Investments	\$ 103,530	\$ 1,750	\$ 5,567	\$ 110,847	\$ 32,419
Deduction for Long-term Investments	-	-	(126)	(126)	-
Cash with Fiscal Agent	37,317	-	168	37,485	-
Restricted Cash and Investments	30,167	61	-	30,228	-
Total Cash and Cash Equivalents	<u>\$ 171,014</u>	<u>\$ 1,811</u>	<u>\$ 5,609</u>	<u>\$ 178,434</u>	<u>\$ 32,419</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 19,299	\$ (184)	\$ 1,584	\$ 20,699	\$ (3,952)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Depreciation and Amortization	25,223	719	201	26,143	5,322
Changes In Assets and Liabilities					
Sources (Uses) of Cash					
Accounts Receivable	(1,348)	-	(48)	(1,396)	-
Miscellaneous Receivables	(297)	(60)	(2)	(359)	(228)
Supplies Inventory				-	72
Accounts Payable	8,784	488	95	9,367	(597)
Accrued Payroll and Benefits	328	9	204	541	115
Claims Payable	-	-	-	-	887
Deferred Revenue	313	-	-	313	-
Other Liabilities	44	3	-	47	-
Total Adjustments	<u>33,047</u>	<u>1,159</u>	<u>450</u>	<u>34,656</u>	<u>5,571</u>
Net Cash Provided by Operating Activities	<u>\$ 52,346</u>	<u>\$ 975</u>	<u>\$ 2,034</u>	<u>\$ 55,355</u>	<u>\$ 1,619</u>
Supplemental Disclosure of Non-Cash Financing Activities					
Additions to Property, Plant, and Equipment					
Contributions from Developers	\$ 14,906	\$ -	\$ -	\$ 14,906	\$ -
Contributions from Other Government Units	-	-	-	-	2,020
Amortization of Deferred Charges	(204)	-	-	(204)	-
Accretion on Capital Appreciation Bonds	439	-	-	439	-
Loss on Sale of Capital Assets	(624)	(472)	(4)	(1,100)	-
Total Non-Cash Financing Activities	<u>\$ 14,517</u>	<u>\$ (472)</u>	<u>\$ (4)</u>	<u>\$ 14,041</u>	<u>\$ 2,020</u>

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2005 (in thousands of dollars)

	Private Purpose Trust Funds	Agency Funds
	<hr/>	<hr/>
ASSETS		
Cash and Cash Equivalents	\$ 23	\$ 4,822
	<hr/>	<hr/>
Total Assets	23	4,822
	<hr/>	<hr/>
LIABILITIES		
Accounts Payable	-	101
Designated Escrow Payable	-	4,721
	<hr/>	<hr/>
Total Liabilities	-	4,822
	<hr/>	<hr/>
NET ASSETS		
Held in Trust for Other Purposes	\$ 23	\$ -
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended June 30, 2005 (in thousands of dollars)

	Private Purpose Trust Funds
ADDITIONS	
Contributions:	
Private Donations	\$ 129
Investment Earnings:	
Interest	3
	<hr/>
Total Additions	132
	<hr/>
DEDUCTIONS	
Scholarships	6
Redevelopment Expenses	473
	<hr/>
Total Deductions	479
	<hr/>
Change in Net Assets	(347)
Net Assets - Beginning	370
	<hr/>
Net Assets - Ending	<u><u>\$ 23</u></u>

The notes to the financial statements are an integral part of this statement.